

Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 CIAE-00 INR-07 NSAE-00

PA-02 USIA-15 PRS-01 SP-02 TRSE-00 /045 W

-----051217Z 078053 /15

R 050900Z JAN 77

FM AMEMBASSY SANA

TO SECSTATE WASHDC 32

INFO AMEMBASSY ABU DHABI

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MUSCAT

AMCONSUL ALEXANDRIA

AMCONSUL DHAHRAN

USINT BAGHDAD

UNCLAS SANA 0068

E.O. 11652: N/A

TAGS: BEXP, YE

SUBJECT: PROPOSED MARINE EXPOSITION TO THE NARA EAST

REF: STATE 302154

1. AFTER CONSIDERING PROBLEMS WHICH MARINE EXPOSITION WILL CAUSE US, WE BELIEVE IT PROVIDES UNIQUE OPPORTUNITY TO TRY TO PENETRATE A NEW AND GROWING MIDEAST MARKET IN WHICH U.S. FIRMS AND PRODUCTS ARE, AT PRESENT, GROSSLY UNDER-REPRESENTED. WE WOULD LIKE TO SEE EXPOSITION VISIT HODEIDA.

2. MARKET HERE IS MANIFESTLY NOT AS GREAT AS IN OIL PRODUCING COUNTRIES OF PENINSULA. NEVERTHELESS, PETRO-DOLLAR BOOM HAS WASHED FLOOD OF MONEY INTO YEMEN. REMITTANCES FROM EMIGRANT YEMENI LABOR IS RUNNING
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AT LEAST AT LEVEL OF \$600 MILLION THIS YEAR; AID PROJECTS ARE TAKING OFF, ADDING TO LOCAL WAGES AND PURCHASING POWER MAY BE A BILLION DOLLARS. IMPORTS HAVE RISEN SHARPLY IN LAST THREE YEARS, GOING FROM \$89 MILLION (FY-73) TO \$377 MILLION (FY -76) AND WITH DEPOSITS IN COMMERCIAL BANKS RISING IN SAME PERXIOD FROM \$45 MILLION (FY-73) T
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\$150 MILLION (FY-76) THERE IS EVERY PROMISE OF FURTHER RISE IN IMPORTS IN COMING YEARS. OUR SHARE OF THIS MARKET IS AT PRESENT ONLY \$8 MILLION. THAT'S NOT ENOUGH.

3. PART OF TROUBLE, OF COURSE, IS DUE YEMEN'S TRADITIONAL ISOLATION AND LACK OF EXPERIENCE WITH U.S. PRODUCTS. PART OF REASON IS LACK OF AGGRESSIVENESS ON PART OF U.S. BUSINESSES. WE HOPE TO USE VISIT OF MARINE EXPOSIZION TO OVERCOME SOME PART OF BOTH THESE TWO DISADVANTAGES. INDEED, GIVEN POSITION OF U.S. PRODUCTS IN OTHER PENINSULAR MARKETS, IT MIGHT BE POSSIBLE ARGUE THAT VISIT TO YEMEN HAS VALUE AS PIONEERING EFFORT WHEREAS VISITS OTHER PORTS RISK BEING REDUNDANT.

4. IN ANY CASE, IF MARINE EXPOSITION DECIDES TO VISIT YEMEN WE WILL USE OPPORTUNITY TO MAKE MAJOR EMBASSY EFFORT CONTACT AND INVOLVE LOCAL BUSINESS COMMUNITY. THIS IS AGGRESSIVE AND WELL FUNDED GROUP WHICH HAS FREQUENTLY COMPLAINED TO US ABOUT LACK OF INTEREST ON PART OF AMERICAN FIRMS IN YEMENI MARKET.

5. THERE WILL BE PROBLEMS. USING GOVERNMENT FIGURES WHICH HAVE ECHOED DESIRES OF BUSINESS COMMUNITY FOR MORE U.S. TRADE INTEREST, WE HOPE TO GET ALONGSIDE SPACE IN CROWDED HODEIDA HARBOR. FUEL AND WATER IS AVAILABLE THERE, AND LARGE COMMERCIAL COMMUNITY, BUT WE WILL HAVE SOME DIFFICULTIES PERSUADING BUSINESSMEN TO COME FROM CAPITAL OF SANA AND OTHER TRADE CENTER IN TAIZ. AS NOTED EARLIER, WE ARE PREPARED TO MAKE MAJOR EFFORT, UNCLASSIFIED

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INCLUDING FULL TIME OF TWO OFFICERS HERE WHO USUALLY INVOLVED IN ECON/COMMERCIAL WORK TO HELP EXPOSITION CONTACT AND INVOLVE ALL THE RIGHT PEOPLE, BUT THINK LOCAL MARKETING FIRM LIKE HAIL SAID WILL ALSO BE NECESSARY IN THIS PIONEERING EFFORT.

6. IN ADDITION TO GROWING MARKET PROSPECTS, YEMEN OFFERS WELL-SITUATED PORT BETWEEN JIDDA AND MUSCAT. IF MEMBERS OF M.S. SOUTHWARD PARTY INTERESTED, SPECTACULAR TRIP OVER PAVED MOUNTAIN ROAD TO SANA, ONE OF AREA'S MOST REWARDING SITES, COULD BE ARRANGED. EMBASSY BELIEVES U.S. EXHIBITORS WOULD FIND VISIT TO YEMEN FRUITFUL AND SUCH VISIT WOULD ALSO BE EXCEPTIONALLY HELPFUL TO DEVELOPING YEMEN MARKET. SCOTES

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